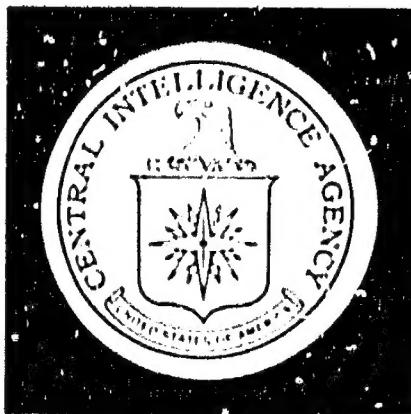


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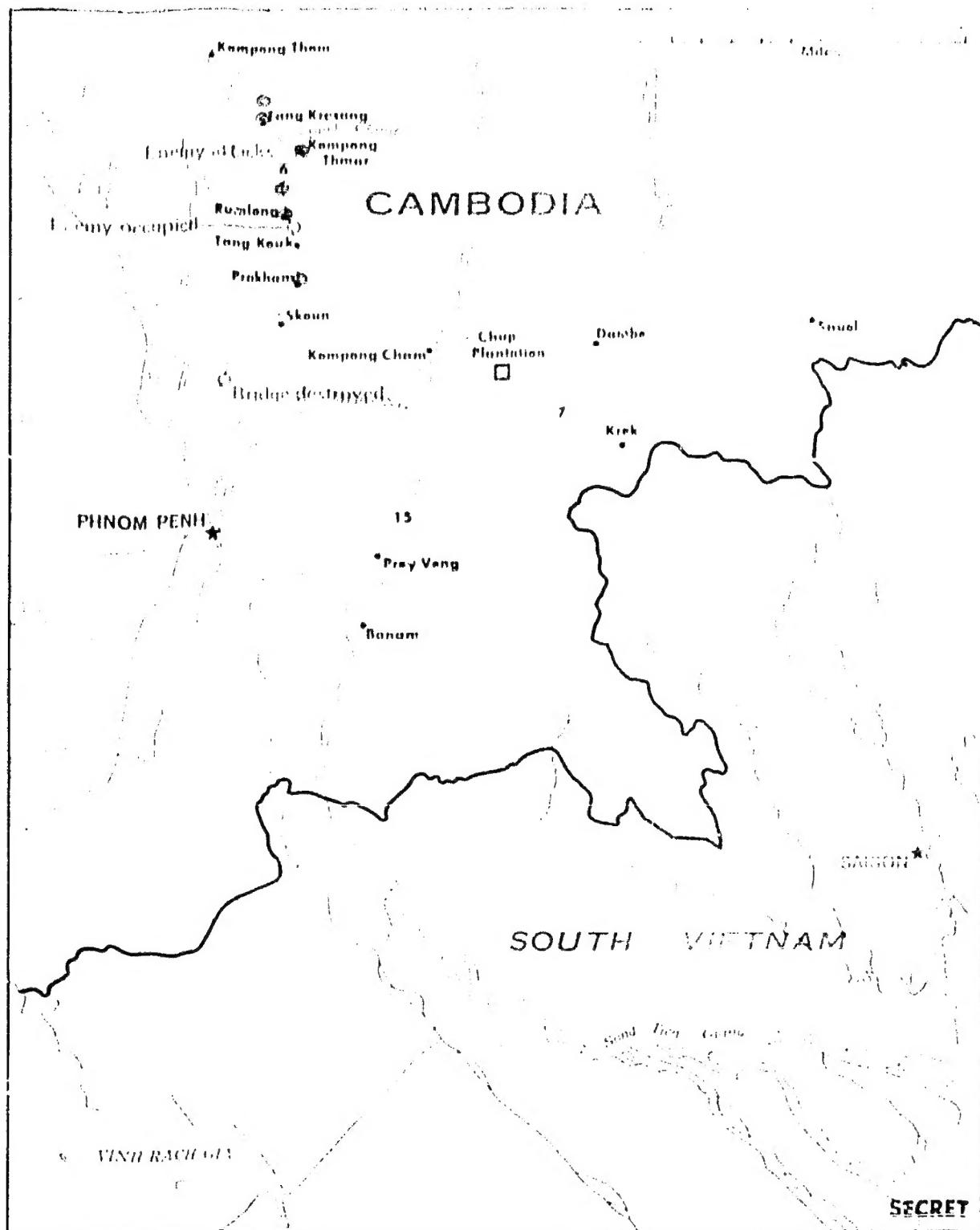
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INDIA: Prime Minister Gandhi, during her tour of Western Europe, is taking an unswerving line on events in South Asia and appears pessimistic about chances for a peaceful resolution of the crisis.

25X6

Meanwhile, the US Consul General in Calcutta reports an increase in tension in eastern India with a tightening of civil defense procedures, including air raid drills and blackouts.

The Bangla Desh leaders in Calcutta have issued another rejection of any settlement short of independence and members of the government-in-exile are being given public warning by their leadership to refrain from talking to foreign representatives on the future of their country. (CONFIDENTIAL NO FOREIGN DISSEM)



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CAMBODIA: The Communists are maintaining pressure against government units on Route 6.

Enemy forces have carried out a coordinated series of ground, mortar, and rocket attacks since the night of 27 October against several key Cambodian positions along a 35-mile stretch of the highway running from Prakham to north of Tang Krasang. The heaviest fighting apparently occurred around Rumlong where one Cambodian battalion was overrun before a relief force of elite Khmer Krom troops reached the village from Kompong Thmar.

The Communists continue to occupy a portion of Route 6 between Rumlong and Tang Kouk and apparently have thwarted efforts to move up armored vehicles and infantry from Skoun. The Communists also destroyed a bridge farther south on Route 6, which will hamper Phnom Penh's effort to resupply its forces between Skoun and Kompong Thom.

Elements of possibly three Communist regiments may be involved in the attacks. Captured documents and ralliers indicate that the Vietnamese/Khmer Communist (VC/KC) 201st Regiment probably is directing the action in the Tang Krasang area.

The attacks along Route 6 are the most serious and sustained since last June; they may represent the beginning of an increased level of military activity during the dry season. Phnom Penh remains confident, however, that it has sufficient strength to counter the immediate threat. Current plans call for aerial resupply of government forces in the Rumlong area and a mop-up of enemy elements there before opening the road to the south. (SECRET NO FOREIGN DISSEM)

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MALTA: Prime Minister Mintoff appears to be bringing pressure on the NATO allies in an attempt to force the pace of bilateral aid negotiations.

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Meanwhile, Mintoff is continuing his efforts to seek aid from non-Western sources. [redacted]

[redacted] he plans to travel to Romania and Yugoslavia early next month. This trip, which follows closely visits of Soviet and Romanian trade officials to Malta and the establishment of non-resident diplomatic relations with Poland, probably reflects Mintoff's desire to promote Maltese products and seek sources of lower priced imports. At the same time, he can underscore his claims to have alternative sources of aid. Mintoff and his financial advisers also met with Libyan Deputy Prime Minister Jallud on 25 October in Valletta. The Maltese chargé in Tripoli has told US diplomats that he expects Mintoff to visit Libya in mid-November. (SECRET NO FOREIGN DISSEM)

25X1X

SECRET

PAKISTAN: Wheat bound for East Pakistan is being diverted to Karachi because of port congestion.

Some 100,000 tons of wheat are to be trans-shipped to East Pakistan after the backlog is reduced. This is the first diversion of foodgrain shipments since last March and April when fighting closed the East's ports. At that time, 157,000 tons were diverted, mainly to Karachi, and were trans-shipped to the East during May-September.

An East Pakistani official has requested that monthly foodgrain shipments be reduced to 100,000 tons from the planned 200,000 tons until the bottleneck at the port is relieved. Meanwhile, a port co-ordinating committee with full authority to make on-the-spot decisions has been established at the major port of Chittagong. All coasters but one are to be used to move food during November, even at the temporary expense of jute exports.

Although the imminent harvest will ease the food situation temporarily, port clearances will have to increase to accommodate the foodgrain imports that will be needed to meet minimal requirements over the next year. (CONFIDENTIAL)

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COMMUNIST CHINA:

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[redacted] the All China Federation of Trade Unions (ACFTU), which was disbanded early in the Cultural Revolution after it was heavily criticized by leftist elements as an elitist organization, was revived under another name in 1968 and gradually began to resume union activities. A year later, trade unions reportedly regained their pre-Cultural Revolution status. [redacted] the union organization in Canton, now designated a Workers' Representatives Committee, currently carries out social welfare and other functions previously performed by the ACFTU.

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Although it seems likely that trade union activities have been gradually expanded in major cities throughout China, Premier Chou En-lai told

25X6A

[redacted] that a national-level trade union organization had not yet been established. Referring specifically to the ACFTU, Chou said that its cadres were still undergoing "re-education," and that the question of reforming the national union had been deferred until the National People's Congress could be convened.

Whether or not the ACFTU or some equivalent national organization is rapidly reorganized, the regime must still deal with the pressing problem of worker discontent over wage levels. Wages have not been significantly raised since 1966 and may even have been reduced for some workers during the Cultural Revolution. Promises by Peking during the Cultural Revolution to review wage policies at an unspecified time in the future are remembered by the workers, and a small number of work slowdowns

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were reported during the first half of 1971. Such dissatisfaction, however, is likely to remain well under control. On the diplomatic front, a reformed national labor organization is needed before Peking can resume active participation in the international labor movement, although there is no evidence that this is considered an important goal. (SECRET NO FOREIGN DISSEM)

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NOTES

EUROPEAN COMMUNITY: The EC Council's annual economic outlook report has concluded that the Community now faces the most difficult situation since its creation. Prospects for exports, which are of key importance to the EC economies, have deteriorated, and the investment climate has become less favorable as a result of the slowdown in business activity, continued upward pressure on costs, new trade obstacles, and monetary uncertainty. The Council made no official estimate of GNP growth for 1972, but it presumably expects less than the four percent real growth the Commission estimated for working purposes prior to Washington's new economic policy. The Council expects inflation to continue, but it established as Community goals the reduction of the annual rates of price and wage increases to 3-3.5 percent and 6-7 percent, respectively, by the end of 1972. (CONFIDENTIAL NO FOREIGN DISSEM)

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LEBANON-USSR: Beirut has decided to purchase [redacted] howitzers as well as ammunition and spare parts from the USSR at a considerable discount. [redacted]

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[redacted] Beirut's token purchases of Soviet materiel have been intended as gestures to satisfy the leftists in the government and to elicit additional aid from Western suppliers on more favorable terms. The decision on artillery pieces is consistent with previous purchases of general purpose trucks from the USSR as well as contracts with Egypt for Soviet rifles, carbines, and ammunition. (SECRET NO FOREIGN DISSEM)

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COMMUNIST CHINA - FRANCE: Paris has offered to sell Peking a petrochemical complex that may be worth up to \$200 million. The French would finance construction and provide the hardware. Preferring American technology, Paris wants a US license for the 500,000-ton a year naphtha steam-cracking unit, which would be included in the facility. Peking's petroleum industry is growing rapidly and this addition would permit more complete exploitation of crude petroleum resources. (CONFIDENTIAL NO FOREIGN DISSEM)

* * * *

PORTUGAL: The illegal Armed Revolutionary Action (ARA) has taken credit for the bombing of the new NATO Iberian Atlantic Command headquarters near Lisbon. This group has been involved over the past year in several bombing incidents, including the attack on the Lisbon telecommunications center on the eve of the NATO foreign ministers' meeting in June. Portuguese authorities are convinced that the ARA's leaders are still at large despite the arrest of 29 suspects last month. (SECRET NO FOREIGN DISSEM)